

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
TAKEOFF TECHNOLOGIES, INC., et al., ¹)	
)	Case No. 24-11106 (CTG)
)	
Debtors.)	(Jointly Administered)
)	
)	
)	

**DECLARATION OF BRETT M. ANDERSON IN
SUPPORT OF DEBTORS' OMNIBUS REPLY TO THE OBJECTIONS OF
THE UNITED STATES TRUSTEE AND THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS TO MOTION OF THE DEBTORS FOR ENTRY OF AN
ORDER APPROVING POSTPETITION FINANCING AND GRANTING RELATED RELIEF**

I, Brett M. Anderson, hereby declare under penalty of perjury that the following is true to the best of my knowledge, information, and belief:

1. I am the Deputy Chief Restructuring Officer of Takeoff Technologies, Inc. ("Takeoff"), the lead Debtor in the above-captioned chapter 11 cases (together with its debtor affiliates, the "Debtors").²

2. I submit this declaration in support of the *Debtors' Omnibus Reply to the Objections of the United States Trustee and the Official Committee of Unsecured Creditors to Motion of the Debtors for Entry of an Order Implementing Postpetition Financing and Granting Related Relief* filed contemporaneously herewith and to describe, from a business analysis perspective, the valuation of the Debtors' Specified IP.

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of the Debtors federal tax identification numbers, as applicable, are: Takeoff Technologies, Inc. (0552); Takeoff Technologies Canada, Inc.; Takeoff Technologies Australia Pty Ltd. (ACN 639 288 958); Takeoff Technologies FZE; Takeoff International Subco India Private Limited; and Takeoff International Subco, LLC. The location of the Debtors' principal place of business and the Debtors' service address in these Chapter 11 Cases is 203 Crescent Street, Suite 203, Waltham, Massachusetts 02453.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to Obtain Postpetition Financing, (II) Granting Liens and Providing Superpriority Administrative Expense Claims, (III) Modifying Automatic Stay, (IV) Scheduling a Final Hearing; and (V) Granting Related Relief* [ECF No. 11] (the "DIP Motion").

3. The value to the market of the Debtors' Specified IP is best described through an analysis of the fee structure under which the Debtors provide such IP to their customers. Each of the DIP Lenders has an existing technology and platform services agreement (the "TPSAs") between the respective DIP lender and Takeoff.

4. The TPSAs all generally provide for the customer to retain a non-exclusive license (or sub-license) in the event of a termination for cause (which could arguably be triggered if the Debtors fail to perform in the midst of this liquidity crisis). In taking this approach with its customer contracts, the Debtors have always recognized that every MFC is customized – usable only for the target customer – and priced to reflect a market rate for the software being provided.

5. Under the TPSAs, each customer (or DIP lender) pays a "platform service fee" ("PSF") in exchange for the use of the Debtors' Specified IP. The DIP Facility contemplates the delivery of the Specified IP in exchange for the DIP commitments by each lender. The PSF, minus the related costs to deliver and support the software, is most analogous to what a royalty for a license to use the Specified IP would be. My team and I undertook an analysis of the net present value ("NPV") of the cash flows derived from the PSF and related costs to perform under the TPSAs with each DIP lender for the remaining terms of the active MFC sites under each of the TPSAs,³ using a thirteen percent (13%) discount rate (this rate matches the interest rate under the DIP Facility) and compared that value to the DIP commitment amounts under the DIP Facility. This approach provides an accurate, reasonable, and fair valuation of the Specified IP using information available to the Debtors.

6. The result of the analysis is that, after applying a thirteen percent (13%) discount rate, the NPV of the profit the Debtors would earn for the PSF under the three DIP lender TPSAs, totals approximately \$1,547,604. The TPSAs reflect the market terms under which the Debtors were able to negotiate with their customers.

³ The MFC sites for Wakefern have expired and thus, the Huron team used an end-date of 12/31/24 for the remaining term.

7. Under the DIP Facility, for the same Specified IP, the DIP Lenders are providing up to approximately \$10.4 million. The DIP Facility commitment amounts are multiple times higher than the NPV of the TSPAs and thus, are providing excess value to the Debtors' estates.

8. Using NPV is a common approach by financial professionals in calculating the value of assets and widely used by restructuring professionals in similar situations. Attached hereto as Exhibit A is the NPV analysis.

CONCLUSION

9. The value of the Specified IP being transferred to the DIP Lenders is reasonably and fairly calculated at a NPV of \$1,547,604 and is being transferred in exchange for up to approximately \$10.4 million.

10. I certify under penalty of perjury that, based upon my knowledge, information and belief as set forth herein, the foregoing is true and correct.

Executed: June 28, 2024

/s/ Brett M. Anderson
Brett M. Anderson
Deputy Chief Restructuring Officer

Exhibit A

Total Present Value of Net PSF Margin Summary Table

	Discount Factor									
	13%	20%	25%	30%	35%	40%	45%	50%		
Albertsons	\$ 797,167	\$ 729,343	\$ 686,533	\$ 647,838	\$ 612,794	\$ 580,985	\$ 552,041	\$ 525,639		
Woolworths	413,636	363,078	333,074	307,118	284,509	264,687	247,207	231,707		
Wakefern	336,801	325,170	317,501	310,303	303,530	297,144	291,109	285,396		
Total	\$ 1,547,604	\$ 1,417,591	\$ 1,337,107	\$ 1,265,259	\$ 1,200,833	\$ 1,142,816	\$ 1,090,357	\$ 1,042,742		